

Cornell University School of Hotel Administration

The Scholarly Commons

Center for Hospitality Research Publications

The Center for Hospitality Research (CHR)

4-3-2017

Ethics from the Bottom Up

Judi Brownell

Cornell University School of Hotel Administration, jl18@cornell.edu

Follow this and additional works at: <https://scholarship.sha.cornell.edu/chrpubs>



Part of the [Business Law, Public Responsibility, and Ethics Commons](#), and the [Hospitality Administration and Management Commons](#)

Recommended Citation

Brownell, J. (2017). Ethics from the bottom up. *Cornell Hospitality Report*, 17(10), 3-13.

This Article is brought to you for free and open access by the The Center for Hospitality Research (CHR) at The Scholarly Commons. It has been accepted for inclusion in Center for Hospitality Research Publications by an authorized administrator of The Scholarly Commons. For more information, please contact hotellibrary@cornell.edu.

If you have a disability and are having trouble accessing information on this website or need materials in an alternate format, contact web-accessibility@cornell.edu for assistance.

Ethics from the Bottom Up

Abstract

Despite considerable research and discussion, the key to ensuring ethical behavior in hospitality organizations remains unclear. Over the years, hospitality industry practitioners have taken numerous substantive steps to establish the importance of ethical conduct. One common practice is for a company to have written ethical standards or a code of conduct. While these efforts help to ensure that standards of ethical practice are understood, a corresponding focus on the daily behavior of individual employees is also essential. Organizational practices that facilitate employees' ethical awareness and decision making include establishing a clear organizational fit during the selection process, maintaining ongoing performance dialogues, and communicating ethical expectations in daily interpersonal interactions. To foster and direct these communication activities, this report presents the "values discussion tool." This tool provides scenarios, forced-choice questions, rating scales, and self-reported personal profiles, with the goal of exploring employee priorities, uncovering underlying assumptions, and reaffirming organizational values.

Keywords

hospitality industry, ethical conduct, organizational cultures, employee decision making, hospitality management

Disciplines

Business Law, Public Responsibility, and Ethics | Hospitality Administration and Management

Comments

Required Publisher Statement

© [Cornell University](https://scholarship.sha.cornell.edu/chrpubs/244). Reprinted with permission. All rights reserved.



Ethics from the Bottom Up

By Judi Brownell

EXECUTIVE SUMMARY

Despite considerable research and discussion, the key to ensuring ethical behavior in hospitality organizations remains unclear. Over the years, hospitality industry practitioners have taken numerous substantive steps to establish the importance of ethical conduct. One common practice is for a company to have written ethical standards or a code of conduct. While these efforts help to ensure that standards of ethical practice are understood, a corresponding focus on the daily behavior of individual employees is also essential. Organizational practices that facilitate employees' ethical awareness and decision making include establishing a clear organizational fit during the selection process, maintaining ongoing performance dialogues, and communicating ethical expectations in daily interpersonal interactions. To foster and direct these communication activities, this report presents the "values discussion tool." This tool provides scenarios, forced-choice questions, rating scales, and self-reported personal profiles, with the goal of exploring employee priorities, uncovering underlying assumptions, and reaffirming organizational values.

ABOUT THE AUTHOR

Judi Brownell, Ph.D., is a professor at the Cornell University School of Hotel Administration (SHA) in the Cornell SC Johnson College of Business. She teaches courses in organizational behavior and management communication. Brownell has international teaching experience and her online eCornell executive courses are taken worldwide. Her research projects include studies on managerial listening behavior and the competencies required for global hospitality leaders. She has created tools to assess employee-organization fit and the communication of service values. Her current research focuses on listening as it relates to communicating and maintaining service quality standards in the international cruise industry. Brownell has authored several textbooks, published over 80 articles and serves on several editorial boards. She is also past president of the International Listening Association and has received awards for her research in this field. She has conducted training and consulting for a wide range of hospitality organizations. Among her projects, she has designed assessment centers for hospitality leadership development. Brownell has served as SHA's associate dean for academic affairs, dean of students, and director for graduate studies. She has also been academic area director for both the organization behavior and management communication disciplines. She earned a BS degree from Ithaca College, an MS degree from the State University of New York College at Cortland, and a Ph.D. from Syracuse University.



I would like to thank all those who have inspired and supported ethics initiatives at the School of Hotel Administration and, in particular, acknowledge the contributions of Ted Teng, Lee Pillsbury, Stephen Hall, Larry Hall, Tony Simons, Jan Katz, Rebecca Daniel, and Dana Radcliffe.

Ethics from the Bottom Up

By Judi Brownell

While most hospitality industry leaders agree that they have a responsibility to encourage ethical conduct and develop organizational cultures that reinforce ethical practices, the path to accomplishing these goals remains elusive. Hospitality employees face ambiguous and uncertain situations daily, often pitting self-interest or the property's financial gain against the "right" thing to do.¹ This paper proposes that hospitality organizations seeking to increase ethical conduct must do more to understand employees' value orientations and the strength of their individual priorities and convictions, and provides a values discussion tool that can be used to explore employee priorities, uncover underlying assumptions, and reaffirm the organization's values.

¹ Sonenshein, S., "The role of Construction, Intuition, and Justification in Responding to Ethical Issues at Work: The Sensemaking-Intuition Model." *Academy of Management Review* 32 (2007): 1022-40; and Hall, S. *Journey to Excellence in Hospitality Management* (Indianapolis, IN: Dog Ear Publishing, 2010).

Common concerns in the hospitality industry that reflect a lack of ethical practices include overbooking and misleading information on menus and websites. Too frequently, guests are overcharged, forced to purchase unnecessary services, or are treated disrespectfully.²

Recent literature strongly suggests that the most common methods of promoting ethical conduct focus on organizational-level activities or policies generated by senior management. While these initiatives communicate the organization's values and serve as reminders of a commitment to ethical conduct, they don't address the issue at its source—the individual employee. Given the highly diverse hospitality workforce, it is important to evaluate the ways in which individuals make daily ethics-based choices. To create an ethical culture, then, the organization's focus must include management activities such as selection, performance dialogues, coaching, mentoring, and other interpersonal processes that reveal the employee priorities and facilitate discussion of ethical issues. Codes of conduct, mission statements, and training sessions remain essential, but approaches that encourage employees to engage in conversations with managers about their decision making processes provide additional, and critical, information.³

This paper makes a case for greater emphasis on the individual level of decision making to foster greater ethical awareness and behavior from the bottom up. I also examine the results of a convenience survey conducted to determine hospitality managers' perceptions of the importance of fostering ethical behavior and review methods currently being used to increase ethical awareness.

Creating strong ethical cultures begins with the selection process and the alignment of individual and organizational values. Managers are then well positioned to reinforce these values through the performance review process and the daily interactions that define organizational life. This report provides a values discussion tool that presents the types of questions managers might use to better understand an employee's beliefs and priorities and to foster discussion of ethical practices and decision making. The tool provides ample questions as a model for creating a dialogue aimed at strengthening an organization's ethical climate by gaining insights into employees' ethical frameworks.

² Nadel, S. "Increasing the Role of Ethics in the Hospitality Industry." *Hotel Business Review*, 16 (2015): 1-4.

³ *Ibid.*; Dimitriou, C. K., Blum, S. C., Adams, C., & Kim, J. "The Impact of a Hotel's Business Ethics on Employee Job Satisfaction and Organizational Commitment." *International CHRIE Conference*. (2011): 1-17; and Jaszay, C. "Status of Ethical Behaviors in the Hospitality Industry." *FIU Hospitality Review*, 20 (2002): 104-116.

Importance of Ethical Conduct in Hospitality

Studies on ethics in the hospitality industry are limited compared to those conducted in other types of organizations.⁴ Still, existing research in the service sector consistently reaffirms the importance and challenges of addressing ethical issues.⁵ Empowerment of line employees, characteristic of most high-performing hospitality organizations, creates increased responsibility for managers to participate in fostering ethical decision making. As employees become more diverse, so, too, do the challenges of creating a culture where all workers share core values and clearly defined ethical standards.⁶ The organization's ethical climate affects numerous processes and outcomes, from employee turnover and job satisfaction to customer loyalty.⁷

Yet, more than 80 percent of the managers in a recent survey reported that their organization did not offer any ethics-related initiatives.⁸ This indicates that, while ethical awareness among hospitality leaders has increased, the topic remains largely neglected as a long-term strategic initiative.⁹ At the same time, both practitioners and researchers recognize the need to learn more about the effectiveness of current ethics-related options and to explore practices and processes that focus on the employees' daily activities.

Individual-Level Approaches to Fostering Ethical Conduct

While organization-level initiatives indicate concern for ethical practices, they often provide insufficient direction for managers trying to encourage ethical conduct

⁴ Knani, M. "Ethics in the Hospitality Industry: Review and Research Agenda." *International Journal of Business and Management*, 9 (2014): 123-131.

⁵ Nadel, *op.cit.*; and Dimitriou *et al.*, *op.cit.*

⁶ Chen, P. J., & Choi, Y. "Generational Differences in Work Values: A Study of Hospitality Management." *International Journal of Contemporary Hospitality Management*, 20 (2008): 595-615.

⁷ Kim, N. Y. & Miller, G. "Perceptions of the Ethical Climate in the Korean Tourism Industry." *Journal of Business Ethics*, 82 (2008): 941-954; Pettijohn, C., Pettijohn, L., & Taylor, A. J. (2008). "Salesperson Perceptions of Ethical Behaviors: Their Influence on Job Satisfaction and Turnover Intentions." *Journal of Business Ethics*, 78 (2008): 547-557; and Schwepker, C. H. "Ethical Climate's Relationship to Job Satisfaction, Organizational Commitment and Turnover." *International Journal of Business Research*, 54 (2001): 39-52.

⁸ Yeh, R. "Hotel General Managers' Perceptions of Business Ethics Education: Implications for Hospitality Educators, Professionals, and Students." *Journal of Human Resources in Hospitality & Tourism*, 11 (2012): 72-86.

⁹ Lee, L. Y. S., & Tsang, N. K. "Perceptions of Tourism and Hotel Management Students on Ethics in the Workplace." *Journal of Teaching in Travel & Tourism*, 13 (2013): 228-250.

within their team or department. In that regard, Peter Drucker has argued that there are some things you can't teach—especially not in a traditional classroom environment.¹⁰ Human behavior is unpredictable—good grades on exams do not necessarily indicate that appropriate action will be taken in the field. Regardless of what individuals say about their intended behavior, it remains difficult to answer such questions as, “Who will put themselves at risk for the team?” and “Who will be decisive and calm when a crisis occurs?”¹¹

The gap between intentions and actions can be applied to ethical conduct as well. Who will keep the \$20 found on the lobby floor? Who will accept a bottle of wine from a new supplier? For hospitality employees, ethical decisions arise continuously and must be instantly addressed. When employees are empowered, whether at the front desk or in the kitchen, they must consistently reflect the organization's values in the choices they make.¹² As empowerment increases, so does the employee's range of choices and ethical responsibilities. Personal judgment is revealed in the moment of truth.¹³ One researcher suggested that the following four steps are required for an individual to make an ethical response. Employees must:

- (1) Know the possible courses of action and the impact of each decision on all parties;
- (2) Determine which course of action is ethically desirable;
- (3) Give priority to ethical values over competing options; and
- (4) Have the strength and skill to do the right thing.¹⁴

While there's no doubt that senior leaders exert considerable influence in shaping and maintaining ethical conduct, an organization is only as ethical as its least ethical employee.¹⁵ As Knani suggests, though, the outcomes that hospitality managers want to achieve and the techniques used to achieve them do not always align.¹⁶ Codes of conduct, mission statements, and accountability systems are necessary components of an ethical work-

place, but these higher-level policies and practices must be supplemented by a more individualized approach.¹⁷

The impact of direct observation and informal exchanges in clarifying expectations is considerable.¹⁸ For example, my colleague Daphne Jameson and I were interested in how employees learned about service values in hospitality settings and designed a survey to explore this question.¹⁹ Our findings revealed that, rather than through training programs or print materials or corporate policies, employees came to understand expectations and align their behavior by observing their peers working in a particular organizational setting. Stevens used the same instrument and framework to explore the communication of ethical standards and, again, found that daily interactions on the individual level had a significant impact on employees' subsequent behavior.²⁰

Aligning behavior with colleagues' practices can work for better or for worse. This phenomenon was evident in the Wells Fargo scandal of late 2016, where investigators concluded that employees' unethical behavior was, at least to a degree, a consequence of the workplace environment. Researchers concluded that bank employees were motivated to behave unethically as a result not only of being threatened and coerced by upper management, but also as the result of the environment in which they worked. It was determined that making unethical decisions was easier when employees observed their colleagues' responses and made social comparisons.²¹ If managers are to create ethical cultures, attention must be placed on the individual and also on the ways in which collective action creates a powerful dynamic within the workplace.

Individual Variables Influence Employee Decision Making

When employees arrive with different experiences, language competencies, and motivations, their common classroom becomes the workplace itself. Culture, age, gender, and other individual variables all have the potential

¹⁰ Drucker, P. *Management Challenges for the 21st Century*. (New York: Harper Collins Business, 1999).

¹¹ Craft, J. L. “A Review of the Empirical Ethical Decision-Making Literature: 2004-2011.” *Journal of Business Ethics*, 117 (2013): 221-259.

¹² Knani, *op.cit.*

¹³ Cohen, S. (2013). “Promoting Ethical Judgment in an Organizational Context.” *Journal of Business Ethics*, 117 (2013): 513-525.

¹⁴ Rest, J. R., Bebeau, M., & Volker, J. “An Overview of the Psychology of Morality.” In J.R. Rest (Ed.), *Moral Development: Advances in Research and Theory*. (New York: Praeger, 1986).

¹⁵ Jackson, R. W., Wood, C. M., & Zboja, J. J. “The Dissolution of Ethical Decision-Making in Organizations: A Comprehensive Review and Model.” *Journal of Business Ethics*, 116 (2013): 233-250.

¹⁶ Knani, *op.cit.*

¹⁷ Cohen, *op.cit.*; and Fritzsche, D., J., & Oz, E. “Personal Values' Influence on the Ethical Dimension of Decision Making.” *Journal of Business Ethics*, 75 (2007): 335-343.

¹⁸ Brass, D. J., Butterfield, K. D. & Skaggs, B. E. “Relationships and Unethical Behavior. A Social Network Perspective.” *Academy of Management Review*, 23 (1998): 14-31.

¹⁹ Brownell, J. & Jameson, D. “Getting Quality Out on the Street: A Case of Show and Tell.” *Cornell Hotel & Restaurant Administration Quarterly*, 37 (1996): 28-33.

²⁰ Stevens, B. “Communicating Ethical Values: A Study of Employee Perceptions.” *Journal of Business Ethics*, 20 (1999): 113-120.

²¹ Ochs, S.M., The Leadership Blind Spots at Wells Fargo, *Harvard Business Review*, October 6, 2016 (hbr.org).

to influence decisions. In these circumstances, managers themselves are well positioned to communicate organizational values and to foster ethical practices.²² Recent studies have explored how specific personality traits may also affect the likelihood that an individual will respond to problems in predictable ways.²³ Researchers are particularly interested in the individual differences that affect ethical decision making.²⁴ A number of findings suggest that certain traits may, in fact, predispose employees to choose less ethical options. While the evidence is not definitive, there may well be a relationship between ethical behavior and such otherwise desirable employee traits as creativity, entrepreneurial spirit, and competitiveness. The notion that specific personal characteristics provide clues to an individual's most likely response to ethical dilemmas may prove challenging for managers striving to hire employees who will be both highly effective and highly ethical.²⁵

Several researchers, for instance, are exploring such variables as risk taking behavior and competitiveness in relation to ethical conduct. Trevino, for example, suggests that when employees are highly competitive, unethical behavior increases.²⁶ If an individual perceives a high potential gain and a low risk of getting caught, she will be more likely to engage in self-serving practices.²⁷ Other researchers have explored whether those with entrepreneurial tendencies may be more inclined, under certain circumstances, to make decisions that advance their personal goals rather

than comply with specific ethical standards.²⁸ While this research is inconclusive, the implications for managers seeking employees with desirable personal traits—while simultaneously pursuing individuals with a strong ethical sensitivity—are significant. Future research is needed to clarify these important relationships.

A Survey of Hospitality Managers

As previously noted, there is considerable interest in how companies foster ethical conduct, although fewer studies have explored ethics in hospitality organizations.²⁹ Most researchers have focused on the effectiveness of organization-level initiatives, while less attention has been given to the manager's role in developing ethical awareness and responsibility. In keeping with this interest, I conducted an exploratory survey through the Center for Hospitality Research to better understand (1) hospitality managers' opinions regarding the importance of fostering ethical behavior, and (2) the approaches they were taking to encourage ethical awareness and practice. Questions were based on a review of previous research and on responses from hospitality managers who attended a two-day seminar on the topic.³⁰

Eight hundred thirty-six surveys were sent electronically from the Center for Hospitality Research database, which included all those U.S. hotel employees who used "manager" in their professional title. Four hundred thirty-three usable surveys were returned after one email follow up, yielding a response rate of just over 50 percent. The first section of the survey presented five-point Likert-type scales to determine the strength of respondents' beliefs and their perceptions of current practice regarding ethical initiatives. Part II asked three open-ended questions related to respondents' observations and experiences. A research assistant and I conducted a content analysis of these qualitative responses to develop categories and to summarize findings.

Survey Results

Of the usable surveys, 72 percent of respondents were male. Ninety-three percent had worked in hospitality management for more than five years, and 40 percent worked in properties that had 100 to 500 rooms (Exhibit 1).

²² Jackson *et al.*, *op.cit.*; and Stevens, G. W., Deuling, J. K., & Armenakis, A. A. "Successful Psychopaths: Are they Unethical Decision Makers and Why?" *Journal of Business Ethics*, 105 (2012): 139-149.

²³ Kalshoven, K., Den Hartog, Deanne N; De Hoogh, Annebel H; B. "Ethical Leader Behavior and Big Five Factors of Personality, *Journal of Business Ethics*, 100, (May 2011): 349-366.

²⁴ Verbos, A. K. & Miller, J. S. "When Harm Is at Stake: Ethical Value Orientation, Managerial Decisions, and Relational Outcomes." *Journal of Business Ethics*, 127 (2015): 149-163; and Freedman, A. M., & Bartholomew, P. S. "Age, Experience, and Gender as Factors in Ethical Development of Hospitality Managers and Students." *Journal of Hospitality & Tourism Research*, 14 (1990): 1-10.

²⁵ Robertson, D. C., & E. Anderson, "Control System and Task Environment Effects of Ethical Judgment: An Exploratory Study of Salespeople." *Organization Science*, 4 (1993): 617-44; Gino, F. & Ariely, D. "The Dark Side of Creativity: Original Thinkers Can be More Dishonest." *Journal of Personality and Social Psychology* (2012): 233-251; Nobel, C. "Are Creative People More Dishonest?" *Harvard Business School Working Knowledge* (December 7, 2011); and Brown, T., Sautter, J., Littvay, L., Sautter, A., & Bearnes, B. "Ethics and Personality: Empathy and Narcissism as Moderators of Ethical Decision Making in Business Students." *Journal of Education for Business*, 85 (2010): 203-218.

²⁶ Trevino, L. K. "Ethical decision making in organizations: A Person-Situation Interactionist Model." *Academy of Management Review*, 11 (1986): 601-617.

²⁷ Jackson *et al.*, *op.cit.*

²⁸ Steinbauer, R., Rhew, N. D., Kinnamon, E., and Fabian, F. "The Conflicting Drivers of Entrepreneurial Ethics." *Journal of Ethics & Entrepreneurship*, 4 (2014): 57-only 72.

²⁹ Jaszay, C. "Status of Ethical Behaviors in the Hospitality Industry." *FIU Hospitality Review*, 20 (2002): 104-116.

³⁰ Brownell, J. (2012). "Fostering ethical leadership: A shared responsibility." *Cornell Hospitality Roundtable Proceedings*, 4(6), 6-13

EXHIBIT 1

Survey demographics

Gender	
Male	72%
Female	28%
Years in Hospitality Management	
< 1	1%
1-3	1%
3-5	5%
5-10	8%
> 10	85%
Size of Property	
< 50	14%
50-100	10%
100-200	14%
200-500	25%
> 500	36%

Fostering Ethical Practices

The first section of the survey focused on (1) determining the importance of fostering ethical practices, (2) identifying where respondents saw responsibility for fostering ethical behavior, and (3) assessing the extent to which action was currently being taken to increase ethical awareness and practices.

Five-point scales were used to assess respondents' perceptions regarding the degree to which fostering ethical behavior in their organizations was a priority (Exhibit 2). Eighty-six percent of all respondents (mean of 4.4) said that fostering ethical practices was a "high" (27 percent) or "very high" (59 percent) priority for them. On the other hand, only 13 percent of respondents felt that their colleagues made fostering ethical behavior a "high priority" (mean of 3.5). Most respondents agreed that they cared more about the ethical climate in their organization than did their peers.

When asked about the extent to which they believed they personally could influence the ethical climate in their organizations, more than 75 percent of those surveyed reported that they felt they could have a high (50 percent) or very high (28 percent) impact. Less than 5 percent of those surveyed believed their personal impact was low or very low.

It was clear that respondents believed those in top leadership positions were more responsible for fostering ethical practices than were "middle" managers or department heads. Respondents agreed that corporate execu-

tives have the greatest responsibility, with 86 percent describing executives as having "great responsibility" for this task. Seventy-six percent believed that senior managers also bore "great responsibility" while only 43 percent felt that all managers should assume the highest level of responsibility for encouraging ethical practices.

In response to the question, "To what degree is your organization taking steps to foster ethical practices?" 18 percent of the managers surveyed felt their organization was doing so to a "great extent" and 37 percent reported that "quite a lot" of attention was being placed on facilitating ethical behavior among their hotel's employees. Fifteen percent of respondents reported that their organization was paying little or no attention to this concern.

Practices for Enhancing Ethical Awareness

The second section of the survey posed three open-ended questions: (1) What specific practices have you or others in your organization implemented to foster ethical awareness and decision making?; (2) How would you describe the most pressing ethical challenges hospitality organizations face?; and (3) What other thoughts do you have about how ethical behavior can be fostered, either within your organization or in the hospitality industry more generally?

A content analysis revealed a variety of ethics practices. Items were first categorized as focusing on the "individual" or "organizational" level (Exhibit 3). At the organization level, the most frequent practices were the development and dissemination of print materials, with policy statements and employee handbooks the most frequently mentioned items. A code of conduct, compliance orders, and the company newsletter followed. Classroom instruction, online training, and department meetings were also noted.

Respondents mentioned activities focused on the individual employee much less frequently than organizational-level initiatives. The four practices that emerged were individual meetings to discuss ethical issues, selection interviews, an ethics hotline, and a signed statement to signify an understanding of expected ethical conduct.

Exhibit 4 lists what hospitality managers believe to be the most pressing ethical challenges currently facing the industry. Only those responses occurring five times or more were included in the summary. The most common concerns were a short-term view of ethical practices, managing social media, a lack of respectful behavior, and privacy issues. Delivering on promises, pressure for supplier preferential treatment, consistency in upholding ethical standards, and lack of professionalism were also cited by respondents.

EXHIBIT 2

The importance of fostering ethical practices

How high a priority do you believe it is for hospitality managers to foster ethical practices?		
1 – Very low	4	1%
2 – Low	13	3%
3 – Moderate	46	11%
4 – High	116	26%
5 – Very high	254	59%
	N = 433	
SD = .86		
Mean = 4.4		
To what extent do you believe other managers at your property believe that fostering ethical behavior is a priority?		
1 – Not at all	3	1%
2 – Very little	34	8%
3 – A fair amount	163	37%
4 – Quite a lot	178	41%
5 – A great extent	55	13%
	N = 433	
SD = .83		
Mean = 3.6		

To what extent do you believe you could influence the ethical climate in your organization?		
1 – Very low	3	1%
2 – Low	15	3%
3 – Moderate	80	18%
4 – High	216	50%
5 – Very high	119	28%
	N = 433	
SD = .80		
Mean = 4.00		
To what degree is your organization taking steps to foster ethical practices?		
1 – Not at all	10	2%
2 – Very little	57	13%
3 – A fair amount	127	29%
4 – Quite a lot	161	37%
5 – A great extent	78	18%
	N = 432	
SD = 1		
Mean = 3.55		

What degree of responsibility do you believe each of the following has for fostering ethical practices?								
	Hospitality Educators		Middle Management		Senior Management		Corporate Executive	
1 – No responsibility	0		1	0%	1		1	
2 – Very little responsibility	8	2%	5	1%	8	1%	10	2%
3 – A fair amount	65	15%	65	1%	16	4%	14	3%
4 – Quite a lot	130	30%	176	40%	77	18%	38	9%
5 – Great responsibility	229	53%	185	43%	330	77%	369	85%
	N = 432		N = 432		N = 432		N = 432	
SD	.80		.77		.62		.64	
Mean	4.34		4.25		4.70		4.77	

EXHIBIT 3**Practices for fostering ethical awareness**

What specific practices have you or others in your organization implemented to foster ethical awareness and decision making?		
	Ethics Practices and Initiatives	Responses
Organizational Level		
Training		
	Classroom training	144
	Online training	109
Print Materials		
	Policy Statements: Conflict of Interest, Anticorruption	206
	Core Values Statement	166
	Code of Conduct	98
	Written Compliance Orders	84
	Newsletter	53
Employee Orientation		
	Employee handbook	141
	Employee orientation program	36
Other		
	Department Meetings	87
Individual Level		
	Individual Meetings	15
	Selection Interview	14
	Ethics Hotline	11
	Signing Ethical Statement	10

Survey participants also provided suggestions regarding how ethical behavior might be encouraged within a hospitality environment (Exhibit 5). Only those responses occurring ten times or more were included in the summary. Results show that, while there are many ways this critical concern might be addressed at the organizational level, there are considerably fewer suggestions that focus on how managers themselves might foster employees' ethical awareness and decision making.

Discussion of Survey Findings

Just over half of those surveyed believed that their organization was placing either quite a lot or a great deal of attention on facilitating an ethical climate. Only 15 percent

EXHIBIT 4**Ethical challenges**

What do you consider to be the most pressing ethical challenges facing hospitality organizations today?		
Rank	Ethical Challenge	Responses
1	Taking short-term view	102
2	Managing social media	96
3	Lack of respectful behavior	74
4	Privacy/personal information	62
5	Not delivering on promises	45
6	Pressure for supplier preferential treatment	40
7	Consistency in upholding standards	33
8	Unprofessionalism	30
9	Theft & fraud	22
10	Working for personal gain	18
11	Discrimination	15
12	Environmental issues	15
13	Competitor behavior	14
14	Selection of ethical employees	12
15	Honesty with guests	11
21	Handling unethical guests	6
16	Sexual harassment	10
17	Lying	9
18	Salary equity	8
19	Misrepresentation of company profits	7
20	Accepting bribes	6
21	Special privileges	6
22	Accepting bribes	5
23	Exploiting labor	5

Note: Only reported responses made 5 times or more.

of respondents believed that little or no efforts were being made to encourage ethical awareness and practices.

While over 75 percent of managers believed that they personally could have a significant impact on improving the organization's ethical climate, they did not see themselves as necessarily responsible for achieving this goal. In fact, only 43 percent of those surveyed felt that they had a significant responsibility to foster ethical conduct, while 86 percent believed that the task fell to corporate executives and 76 percent believed that it was senior management that shouldered "great responsibility." Given this perspective, there is some concern that managers may not

be as proactive as they could be in efforts to establish a strong ethical culture. Clearly, creating an ethical environment and communicating high ethical standards are viewed as shared responsibilities.

Regardless of the degree to which managers felt they were responsible for facilitating an ethical culture, they also believed that they were more interested in this activity than were their peers. While no explanation for this finding was readily apparent, it is possible that those managers who feel strongly about fostering ethical behavior may be frustrated with their organization's lack of progress and, consequently, are likely to feel that their peers are less engaged. In addition, if colleagues have few opportunities to share their perspectives and concerns, assumptions about their peers' commitment to this goal go unquestioned. Because fostering ethical awareness and practice typically has been viewed as an upper management activity, managers may perceive that their colleagues are consequently hesitant to assume this leadership task. The tool presented in this paper suggests one way that managers might play a more active role in fostering ethical awareness.

Initiatives That Foster Ethical Practices

When managers strive to foster ethical cultures by focusing on the individual employee, three key opportunities become apparent: the selection interview; continuous performance dialogues; and attention to the personal interactions and management practices that communicate expectations. Each of these processes can be facilitated with the use of an organization-specific values discussion tool (See Appendix).

The tool provides four question sets as examples of the kinds of questions likely to stimulate discussion and provide insights into an employee's ethical awareness. These question sets include (1) scenarios, (2) forced choice, (3) rating scales, and (4) self-reported personal profiles. In each case, questions require tailoring to the specific organization, and question sets can be used either individually or in combination. Tool components are designed to engage employees in meaningful conversations about their priorities and values. If the creation and fine-tuning of the values discussion tool is done as a collaborative activity, managers can share the most desirable responses with their colleagues and align their personal visions for the organization.

EXHIBIT 5

Fostering ethical behavior

What other thoughts do you have about how ethical behavior can be fostered, either within your organization or in the hospitality industry more generally?	
Means of Fostering Ethical Behavior	
More than 50 responses	
Organization Level	
It all begins with top leadership	
Walk the talk	
Set clear guidelines	
Managers must lead by example	
Monitor ethics closely	
Rely on Code of Conduct	
Use audits; have clear guidelines	
Corporate sets culture and standards	
Between 26 and 50 responses	
Organization Level	
Need to respect others	
Focus at the corporate level not always seen at the operational level	
Must keep the customer first	
Stay up to date on latest compliance	
Engage employees	
Too much competition	
Use integrity quizzes	
Need organizational commitment to environment	
Individual Level	
Treat each employee fairly	
Reward individuals for ethical practices	
Between 10 and 25 responses	
Organization Level	
Hotel's reputation is everything	
Ethics must be taught at an early age	
Differences in different countries	
Better billing and accounting practices	
Clear and unambiguous communication from senior management	
Too much emphasis on bottom line	
Individual Level	
Immediate action for instances of unethical behavior	
Hire carefully	
More emphasis on corporate citizenship behavior	

Note: Only reported responses made 10 times or more.

Organizational Fit in the Selection Process

A primary opportunity to create an ethical workforce is the selection process, as managers try to determine a potential employee's compatibility with the desired workplace standards and, in this case, his or her readiness to take on decision making responsibilities in a highly ethical environment.³¹

The values discussion tool may complement questionnaires found in assessment centers, which human resources experts use to evaluate employees or candidates on selected job competencies. While the goal of assessment centers is to predict employee performance in a specific workplace setting, the tool assists managers in determining organizational fit with regard to an applicant's ethical awareness and perspectives. The more questions are tailored to a specific property, the more meaningful the conversation. The selection process provides one of the best opportunities for managers to gain valuable insights into applicants' priorities and decision making criteria.

Build on Performance Dialogues to Reinforce Ethical Standards

Another powerful means of reaffirming and communicating ethical values is through performance reviews, which most often include performance dialogues, individual development planning, and ongoing coaching. Scenarios from recent property-specific incidents, similar to those provided in this tool, can be used to expose dilemmas and initiate discussions regarding ethical standards and expectations. Such conversations can be a valuable way to reinforce common goals and make key organizational values more explicit. Managers are then better able to determine the extent to which each employee is aware of the ethical implications of decisions, and the degree to which ethical responsibilities are understood.

In addition to enhancing the performance dialogue, question sets and scenarios can help frame competing values in ways that identify employees' likely choices and provide opportunities to discuss the consequences of various options. Within this context, employees become aware of how their choices either foster or hinder the organization's ethical climate.

³¹ Nadel, *op.cit.*;

Communicate Expectations through Daily Management Practices

Nothing replaces the effectiveness of modeling ethical behavior on a daily basis. Employees look to their managers and to their peers for direction as they navigate a complex and diverse hospitality workplace, and as they align their responses with the behaviors they observe. While mission statements, ethical codes, and mandatory training programs contribute to an ethical culture, we have seen that employees respond equally—if not more strongly—to their observations of coworkers' choices and behavior. Organization leaders recognize that the experiences they share and the actions they take communicate a consistent and powerful message about the importance of ethical conduct.³² Managers cannot afford to miss the opportunities to practice ethical decision making, and demonstrate that ethical behavior is a choice. Creating a shared understanding of what ethical behavior means within the context of a particular hospitality environment benefits employees by establishing a "third culture" that is both inclusive and supported.

Empowered and Ethical

Managers who take action to empower their employees play an important role in fostering ethical decision making. Direct and regular contact with employees enables them to supplement broader organizational initiatives with activities that address both organization-specific dilemmas and individual differences. Through one-on-one conversations—whether in the selection process, during ongoing performance dialogues, or in more informal interactions—employees come to understand expectations and are encouraged to consistently uphold the organization's ethical standards. Individualized efforts, facilitated by the values discussion tool, send a clear message to employees about the importance of ethical conduct. ■

³² Simons, T., Schnaubelt, K., Longstreet, J., Sarkisian, M., Allen, H., & Feltman, C. (2016). "Executive insights on leader integrity: The credibility challenge." *Cornell Hospitality Report*, 16(5), Cornell Center for Hospitality Research.

Appendix

Values Discussion Tool

The four types of questions provided here—Ethical Scenarios, Forced Choice, Ethical Beliefs, and Personal Characteristics—offer a model managers can use to engage employees in conversations related to their workplace priorities and ethical perspectives. The questions can be readily adapted to specific organizational contexts and dilemmas, and used independently or in combination to help managers better understand how to foster ethical awareness and practice.

A. Ethical Scenarios

1. As a restaurant owner you pride yourself on your food quality and organically grown ingredients. All of your advertisements state clearly that you use only the highest quality meat available. Lately, food cost is running high and you are out of ideas about how to control costs. Your Executive Chef tells you he can guarantee substantial saving by using a lower quality meat in the spicy dishes where the guests cannot tell the difference. Do you:

- a) Adopt his idea on a limited basis.
- b) Dismiss his idea and continue to explore options.
- c) Make an immediate adjustment in your purchasing so that you can begin to recover your losses.

2. You work as an assistant manager in a hotel. You learn that your married co-worker, the Lounge Manager, is having an affair with one of the bartenders who reports to her. The Lounge Manager is a close, personal friend and your families frequently socialize. While your property has a policy that the news of any romantic relationships must be shared immediately with the General Manager, you know that your friend has been trying to keep her romance secret. Do you:

- a) Ignore the situation since so far everything is going smoothly.
- b) Approach your friend and tell her that you will have to report on the relationship if it begins to affect her work.
- c) Approach your friend and tell her that you believe the General Manager needs to know about her romance immediately.

3. Two months ago you sold a room to Jose and Maria Jones for the normal weekend rate. Several weeks before their check-in date, you launch a hotel-wide promotion that gives all guests who make reservations at least a week in advance a 30 percent discount on their room. When the weekend arrives, Jose and Maria arrive at the front desk to check in. Would you:

- a) Hope they don't find out about the promotion.
- b) Tell them that you are running a promotion that gives them a 30 percent discount.
- c) Choose not to extend them the promotion discount but give them a 10 percent off coupon for a future stay.

4. Jenny from your Communications Department has been working on a new brochure for a property in Camden, Maine. She is excited as she shows you the mock up for the mailing. While it is striking and professional, your somewhat small swimming pool looks Olympic size. The content suggests that every room has been redecorated and has an ocean view; although half of the rooms do face the ocean, only the executive suites on the top floor have a view of the water. You have a significant parking capacity problem which is not mentioned in the description of amenities. Would you:

- a) Tell Jenny you are uncomfortable with some aspects of the brochure.
- b) Say very little to Jenny and let it go since you don't know Jenny well and don't want to upset your relationship with her.
- c) Tell Jenny she did a great job, as the goal is to sell the hotel and the brochure is very effective.

5. Your company is in direct competition with the Royal Robes hotel just down the road. Michael, one of your new hires, approaches you. He has joined your company after having worked for Royal Robes for several years. He is anxious to impress you and to demonstrate his worth. He tells you he made notes on all of Royal Robes' bids and says he has evidence regarding how the property does its pricing. You suspect he signed a non-disclosure agreement promising not to share such information, but you also know how useful this type of information could be. Michael asks you if you would like him to bring his notes to your office so you can take a look at them. Do you:

- a) Suggest that you and Michael meet out of the office for a drink after work to discuss the materials and make a plan.
- b) Accept Michael's offer and clearly let him know that you are impressed by his proactive orientation.
- c) Very directly and calmly tell Michael that you know he is new to your company and perhaps unfamiliar with your policies.

B. Forced Choice—Competing Values

1. When confronted with a choice, I am usually most concerned with:

- a. *being open and fair*
- b. accomplishing my goals
- c. including all points of view in the decision
- d. making everyone happy

2. I believe decisions should be based on how they:

- a. contribute to the organization's long range goals
- b. *maintain the integrity of the company and its decision makers*
- c. impact the organization's financial picture
- d. affect morale

3. People who work with me describe me as:

- a. Competitive
- b. *Trustworthy*
- c. Hard-working
- d. Smart

4. When it comes to "getting ahead," I believe:

- a. Hard work is the key.
- b. You have to work smart.
- c. *The ends don't justify the means.*
- d. You sometimes have to make enemies.

5. I can be counted on to:

- a. Help out.
- b. Be one of the best.
- c. Recognize problems
- d. *Do the right thing.*

C. Strength of Ethical Beliefs

Respond on Likert scales from Strongly Disagree (1) to Strongly Agree (5)

1. It is better to stretch the truth to protect a co-worker than to get him or her in trouble.

1 2 3 4 5

2. There are clearly many situations where information should only be given to employees on a need-to-know basis.

1 2 3 4 5

3. Interviewees should be positive about their potential and never admit that there are things they might not be able to do.

1 2 3 4 5

4. Results are what counts in the world today, and sometimes being effective means that someone else suffers.

1 2 3 4 5

5. Giving and receiving favors is a part of organizational life, and a good employee understands that sometimes decisions are based on more than job competence.

1 2 3 4 5

D. Personal Characteristics—Competing Values

You have 20 points to distribute among the six characteristics listed below. Distribute them to reflect the degree to which you believe each is a personal strength. You can give all 20 points to one item, or fewer points to several.

Amount	Characteristic
_____	1. Creative
_____	2. Decisive
_____	3. <i>Fair</i>
_____	4. Insightful
_____	5. Enthusiastic
_____	6. Flexible

Center for Hospitality Research Publication Index

chr.cornell.edu

2017 Reports

Vol. 17. No. 9 Entrepreneurship is Global: Highlights from the 2016 Global Entrepreneurship Roundtable, by Mona Anita K. Olsen, Ph.D.

Vol. 17. No. 8 Total Hotel Revenue Management: A Strategic Profit Perspective, by Breffni M. Noone, Ph.D., Cathy A. Enz, Ph.D., and Jessie Glassmire

Vol. 17 No. 7 2017 CHR Compendium

Vol. 17 No. 6 Do Property Characteristics or Cash Flow Drive Hotel Real Estate Value? The Answer Is Yes, by Crocker Liu, Ph.D., and Jack Corgel, Ph.D.

Vol. 17 No. 5 Strategic Management Practices Help Hospitals Get the Most from Volunteers, by Sean Rogers, Ph.D.

Vol. 17 No. 4 What Matters Most to Your Guests: An Exploratory Study of Online Reviews, by Jie J. Zhang, Ph.D., and Rohit Verma, Ph.D.

Vol. 17 No. 3 Hotel Brand Standards: How to Pick the Right Amenities for Your Property, by Chekitan S. Dev, Rebecca Hamilton, and Roland Rust

Vol. 17 No. 2 When Rules Are Made to Be Broken: The Case of Sexual Harassment Law, by David Sherwyn, J.D., Nicholas F. Menillo, J.D., and Zev J. Eigen, J.D.

Vol. 17 No. 1 The Future of Hotel Revenue Management, by Sheryl E. Kimes, Ph.D.

CREF Cornell Hotel Indices

Vol. 6 No. 1 Cornell Hotel Indices: Fourth Quarter 2016: Hotels Are Getting Costlier to Finance, by Crocker H. Liu, Ph.D., Adam D. Nowak, Ph.D., and Robert M. White, Jr.

2016 Reports

Vol. 16 No. 28 The Role of REIT Preferred and Common Stock in Diversified Portfolios, by Walter I. Boudry, Ph.D., Jan A. deRoos, Ph.D., and Andrey D. Ukhov, Ph.D.

Vol. 16 No. 27 Do You Look Like Me? How Bias Affects Affirmative Action in Hiring, Ozias Moore, Ph.D., Alex M. Susskind, Ph.D., and Beth Livingston, Ph.D.

Vol. 16 No. 26 The Effect of Rise in Interest Rates on Hotel Capitalization Rates, by John B. Corgel, Ph.D.

Vol. 16 No. 25 High-Tech, High Touch: Highlights from the 2016 Entrepreneurship Roundtable, by Mona Anita K. Olsen, Ph.D.

Vol. 16 No. 24 Differential Evolution: A Tool for Global Optimization, by Andrey D. Ukhov, Ph.D.

Vol. 16 No. 23 Short-term Trading in Long-term Funds: Implications for Financial Managers, by Pamela Moulton, Ph.D.

Vol. 16 No. 22 The Influence of Table Top Technology in Full-service Restaurants, by Alex M. Susskind, Ph.D., and Benjamin Curry, Ph.D.

Vol. 16 No. 21 FRESH: A Food-service Sustainability Rating for Hospitality Sector Events, by Sanaa I. Pirani, Ph.D., Hassan A. Arafat, Ph.D., and Gary M. Thompson, Ph.D.

Vol. 16 No. 20 Instructions for the Early Bird & Night Owl Evaluation Tool (EBNOET) v2015, by Gary M. Thompson, Ph.D.

Vol. 16 No. 19 Experimental Evidence that Retaliation Claims Are Unlike Other Employment Discrimination Claims, by David Sherwyn, J.D., and Zev J. Eigen, J.D.

Vol. 16 No. 18 CIHLER Roundtable: Dealing with Shifting Labor Employment Sands, by David Sherwyn, J.D.

Vol. 16 No. 17 Highlights from the 2016 Sustainable and Social Entrepreneurship Enterprises Roundtable, by Jeanne Varney

Vol. 16 No. 16 Hotel Sustainability Benchmarking Index 2016: Energy, Water, and Carbon, by Eric Ricaurte

Vol. 16 No. 15 Hotel Profit Implications from Rising Wages and Inflation in the U.S., by Jack Corgel, Ph.D.

Vol. 16 No. 14 The Business Case for (and Against) Restaurant Tipping, by Michael Lynn, Ph.D.

Vol. 16 No. 13 The Changing Relationship between Supervisors and Subordinates: How Managing This Relationship Evolves over Time, by Michael Sturman, Ph.D. and Sanghee Park, Ph.D.

Advisory Board

Syed Mansoor Ahmad, Vice President, Global Business
Head for Energy Management Services, Wipro EcoEnergy

Marco Benvenuti MMH '05, Cofounder, Chief Analytics and
Product Officer, Duetto

Scott Berman '84, Principal, Real Estate Business Advisory
Services, Industry Leader, Hospitality & Leisure, PwC

Erik Browning '96, Vice President of Business Consulting,
The Rainmaker Group

Bhanu Chopra, Founder and Chief Executive Officer,
RateGain

Susan Devine '85, Senior Vice President—Strategic
Development, Preferred Hotels & Resorts

Ed Evans '74, MBA '75, Executive Vice President & Chief
Human Resources Officer, Four Seasons Hotels and
Resorts

Kevin Fliess, Vice President of Product Marketing, CVENT,
Inc.

Chuck Floyd, P '15, P '18 Global President of Operations,
Hyatt

R.J. Friedlander, Founder and CEO, ReviewPro

Gregg Gilman ILR '85, Partner, Co-Chair, Labor &
Employment Practices, Davis & Gilbert LLP

Dario Gonzalez, Vice President—Enterprise Architecture,
DerbySoft

Linda Hatfield, Vice President, Knowledge Management,
IDeaS—SAS

Bob Highland, Head of Partnership Development,
Barclaycard US

Steve Hood, Senior Vice President of Research, STR

Sanjeev Khanna, Vice President and Head of Business Unit,
Tata Consultancy Services

Kenny Lee, Vice President of Marketing, Revinate

Josh Lesnick '87, Executive Vice President and Chief
Marketing Officer, Wyndham Hotel Group

Faith Marshall, Director, Business Development, NTT DATA

David Mei '94, Vice President, Owner and Franchise
Services, InterContinental Hotels Group

David Meltzer MMH '96, Chief Commercial Officer, Sabre
Hospitality Solutions

Nabil Ramadhan, Group Chief Real Estate & Asset
Management Officer, Jumeirah Group

Umar Riaz, Managing Director—Hospitality, North American

Cornell Hospitality Research Note
Vol. 17, No. 10 (April 2017)

© 2017 Cornell University. This report may not be
reproduced or distributed without the express permission
of the publisher.

Cornell Hospitality Report is produced for the benefit
of the hospitality industry by
The Center for Hospitality Research
at Cornell University.

Christopher K. Anderson, Director

Carol Zhe, Program Manager

Jay Wrolstad, Editor

Glenn Withiam, Executive Editor

Kate Walsh, Acting Dean, School of Hotel
Administration

Center for Hospitality Research
Cornell University
School of Hotel Administration
SC Johnson College of Business
389 Statler Hall
Ithaca, NY 14853

607-254-4504

www.chr.cornell.edu

Lead, Accenture

Carolyn D. Richmond ILR '91, Partner, Hospitality Practice,
Fox Rothschild LLP

David Roberts ENG '87, MS ENG '88, Senior Vice President,
Consumer Insight and Revenue Strategy, Marriott
International, Inc.

Rakesh Sarna, Managing Director and CEO, Indian Hotels
Company Ltd.

Berry van Weelden, MMH '08, Director, Reporting and
Analysis, priceline.com's hotel group

Adam Weissenberg '85, Global Sector Leader Travel,
Hospitality, and Leisure, Deloitte

Rick Werber '83, Senior Vice President, Engineering and
Sustainability, Development, Design, and Construction, Host
Hotels & Resorts, Inc.

Dexter Wood, Jr. '87, Senior Vice President, Global Head—
Business and Investment Analysis, Hilton Worldwide

Jon S. Wright, President and Chief Executive Officer, Access
Point Financial